



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO 80204

Reply to
Attn. of:

SP 94-C-18

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Subject:

Audit Requirements Under OMB Circular A-133 and 7 CFR Part 3015:
Questions and Answers

To:

STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri ED,
(Special Nutrition Programs) Montana OPI, Nebraska ED, North Dakota,
South Dakota, Utah, Wyoming ED

This memorandum is to provide clarification on questions raised concerning audits of the SA's nonprofit private sub-recipients—i.e., nonprofit private school food authorities (SFAs). OMB Circular A-133 has superseded OMB Circular 110, Attachment F, subparagraph 2h as the regulation governing audit requirements for nonprofit institutions receiving Federal awards. Please note that A-133 supersedes Attachment F, subparagraph 2h of A-110 only, and has no effect on any other provisions of A-110, the full title of which is Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.

Q 1. How frequently are audits to be made?

A. Audits are to be performed annually but not less frequently than every two years. This means that audits performed less frequently than annually are to cover activities from the end of the period covered in the previous audit, up to the full two-year time limit permitted.

Q 2. What bearing would the size of the grant have on the frequency of the audit?

A. Only SFAs receiving \$25,000 or more are subject to the audit requirements, but the frequency of required audits is the same for all grant levels from \$25,000 on up.

Q 3. What materials could be used as audit guides for program specific audits? What would be the prescribed format of program specific audits?

A. The Compliance Supplement for Single Audits of State and Local Government (including corrections—see SP 94-C-20) is to be used as guidance for specific audits. No format, per se, is required, although A-133, Attachment, Paragraph 15 Audit Reports describes the required contents of the audit report.

Q 4. To what extent may program reviews, which are often as extensive as program audits, be used to satisfy the audit requirement?

A. Program reviews cannot be used in place of a program audit.

Q 5. What would be the time frames for submission of audits: To whom would audits be submitted?

A. Written audit reports are to be distributed in a timely manner after completion of the audit work and submitted to the appropriate officials of the organization audited and to the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations. Copies should also be provided to other officials who have legal oversight authority or who may be responsible for taking action and to others authorized to receive such reports.

Q 6. Who would be responsible for funding the cost of the audits, the grantor or the grantee? Who would be responsible for arranging for the audits to be conducted?

A. The recipient of grants and other awards is responsible for ensuring that nonprofit private sub-recipients obtain audits in accordance with OMB Circular A-133. The cost of the audit may be claimed by the sub-recipient as an allowable school program cost. However, in instances of multiple Federal funding sources, school nutrition program funds may not be used to pay audit cost in excess of the proportion of school nutrition program funds received as a portion of total Federal funds received.

Q 7. Can an SA reserve the right to stipulate which type of audit, organization-wide or program-specific, the auditee should obtain?

A. SAs must allow grantees a choice in the type of audit that will be conducted, in accordance with A-133.

If you have any questions about these issues, please contact our office.

Ann C. Hector

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